



# ESG

FRP Advisory Group plc  
Environmental, Social and Governance ("ESG") Report 2023

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# FRP



# Environmental, Social and Governance ("ESG") Report 2023



We are mindful of our responsibility to protect the environment, support colleagues and operate in a transparent way that reflects our values.

**Geoff Rowley**  
Chief Executive Officer

FRP are mindful of their responsibility to protect the environment, support colleague workplace ethics and manage risk, both internally and externally, via our supply chain and referral networks.

Whilst there is no formal auditing body for ESG in the UK at present, the Group's ESG Committee are using the Value Reporting Foundation ("VRF") recommendations, where applicable, to measure effectiveness for data security, workforce diversity & engagement and professional integrity, in particular.

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# Environmental, Social and Governance ("ESG") Report

	FRP standard policy	Basis for control
<b>Environmental</b>	FRP's environmental impact is low and FRP is mindful of the need as a business to engage in energy efficient solutions	
<i>Recycling/ Streamlined Energy and Carbon Reporting (SECR)</i>	<ul style="list-style-type: none"> <li>➢ FRP is committed to providing mixed recycling outlets in all locations. FRP will provide a paper lite working environment by the end of FY2024</li> <li>➢ FRP are also working on introducing a document management system in FY24 to minimise paper consumption</li> </ul>	<ul style="list-style-type: none"> <li>➢ FRP recycles paper, glass, plastics, food , cardboard and general waste</li> <li>➢ FRP uses re-usable glassware, ceramics and cutlery in place of single use plastics</li> </ul>
<i>Energy ratings/efficiency</i>	<ul style="list-style-type: none"> <li>➢ The electricity consumed by FRP relates solely to the routine power requirements of its offices</li> <li>➢ The gas consumed by FRP relates solely to the running of boilers for heating and hot water in its offices</li> </ul>	<ul style="list-style-type: none"> <li>➢ 93% of FRP's company energy needs are met with renewable energy. FRP are working towards converting the remainder to fully renewable tariffs</li> <li>➢ When undertaking office refurbishments, FRP install more efficient heating and lighting systems</li> </ul>
<i>Travel/vehicles</i>	<ul style="list-style-type: none"> <li>➢ FRP's GHG emissions related to fuel combustion derive solely from the payment to colleagues of mileage allowances where they use their private vehicles for Group business</li> </ul>	<ul style="list-style-type: none"> <li>➢ FRP do not provide company cars and encourage all client related journeys/commuting to be by public transport where applicable</li> <li>➢ Subject to client commitments and where appropriate FRP offers a flexible working environment. The impact of some remote working reduces colleague commuting</li> <li>➢ FRP offers the opportunity for colleagues to negotiate terms to lease or purchase electric cars, as part of their flexible benefits package</li> </ul>
<b>Air</b>		
<i>Carbon emissions/ Carbon neutral &amp; improving the climate</i>	<ul style="list-style-type: none"> <li>➢ FRP are committed to be Carbon Neutral by 2030</li> </ul>	<ul style="list-style-type: none"> <li>➢ CO<sub>2</sub>e per colleague during FY2023: 130 (2022: 133)</li> </ul>
<b>Water</b>		
<i>Waste</i>	<ul style="list-style-type: none"> <li>➢ FRP's water consumption relates solely to sewage disposal and standard kitchen/bathroom waste</li> </ul>	<ul style="list-style-type: none"> <li>➢ FRP's consumption is low impact</li> </ul>
<i>Use of water in a business process</i>	<ul style="list-style-type: none"> <li>➢ FRP is not a provider of any services that require the use of water in a business process</li> </ul>	<ul style="list-style-type: none"> <li>➢ FRP's use is low impact</li> </ul>
<b>Land</b>		
<i>Impact on quality of land</i>	<ul style="list-style-type: none"> <li>➢ FRP is not a provider of any services/equipment that impact the quality of the land used during a business process or activity</li> </ul>	<ul style="list-style-type: none"> <li>➢ FRP's activity is low impact</li> </ul>
<i>Leased office space within multi-use buildings</i>	<ul style="list-style-type: none"> <li>➢ FRP is an office-based business and primarily operates from leased premises</li> </ul>	<ul style="list-style-type: none"> <li>➢ FRP's land footprint is small</li> </ul>

	FRP standard policy	Basis for control
<p><b>Social</b></p>	<p>FRP works hard to attract and retain highly skilled professionals by creating a rewarding, high performance environment.</p> <p>FRP has a robust succession programme which highlights numerous ways to progress within the business with the aim to attract, retain &amp; develop colleagues.</p> <p>FRP understand that the Group’s people are central to its success and are a most valuable asset.</p>	
<p><b>Diversity &amp; upward mobility</b></p>	<ul style="list-style-type: none"> <li>➤ FRP is committed to continued investment in learning and development</li> <li>➤ FRP maintains an Equal Opportunities Policy and recruits the right people offering the right skills that are required for a professional services business, regardless of ethnicity, race, sexual preference or disability</li> <li>➤ FRP’s total attrition rate for both voluntary and involuntary leavers is 14% to end FY2023 (2022:11%). The UK average is approximately 18% (Source: Xpert HR labour turnover rates private-sector services). The voluntary attrition rate is 9% (2022: 8%)</li> </ul>	<ul style="list-style-type: none"> <li>➤ FRP offers the same route to recruitment whether candidates are from schools, academies, universities or a market sector outside of the professional services industry</li> <li>➤ FRP encourages diverse recruitment panels and works with recruitment agencies who provide CVs to include a balance of gender, skills and ability according to the role advertised</li> <li>➤ FRP supports CPD and provides time in lieu and funding for further professional qualifications</li> <li>➤ FRP promotes colleague membership of professional forums and related associations and to those that offer ethnic or diverse opportunities</li> <li>➤ FRP encourages ideas and recommendations that support all colleagues. FRP has formed various working groups to discuss, monitor and help implement diversity and inclusion initiatives across the Group</li> <li>➤ Two colleagues are amongst 19 Diversity and Inclusion Champions, from organisations across the insolvency and restructuring landscape, appointed to the Insolvency Service and R3’s Diversity and Inclusion Steering Group. They act as role models, share their experience, and inspire change, to support this steering group, as it seeks to assist the profession to become more diverse and inclusive</li> </ul>

	FRP standard policy	Basis for control
<p><b>Social continued</b></p> <hr/> <p><b>Diversity &amp; upward mobility continued</b></p>		
		<ul style="list-style-type: none"> <li>➤ A number of FRP’s female Partners &amp; Directors sustain a Senior Female Colleagues (“SFC”) network to discuss ideas and support and mentor each other, as well as wider colleagues across FRP offices</li> </ul> <p>The forum enables this senior team to discuss challenges and work together to suggest and implement solutions for the firm</p> <ul style="list-style-type: none"> <li>➤ FRP employs AAT, ACA, ACCA, IT, Marketing and HR apprentices, as well as working with various apprentice providers, and offers a graduate programme</li> <li>➤ FRP’s Gender Pay Gap information is available on the Company’s website</li> <li>➤ FRP is a participating organisation in the 10,000 Black Interns Programme, a registered UK charity</li> </ul>
<b>Employee Health and Safety</b>	<ul style="list-style-type: none"> <li>➤ FRP adheres to relevant safety, health and welfare at work legislation, as appropriate</li> </ul>	<ul style="list-style-type: none"> <li>➤ FRP maintains qualified first aiders, H&amp;S training, defibrillators and fire marshals at every location</li> </ul>
<i>Wellbeing</i>	<ul style="list-style-type: none"> <li>➤ FRP maintains a culture of regular engagement with its colleagues and through multiple channels to ensure their views are taken into account appropriately</li> </ul>	<ul style="list-style-type: none"> <li>➤ FRP offer colleague flexible benefits which include discounted leisure activities, buying and selling of holiday, cash plan insurance (dental, optical, health screening, alternative therapies), private medical, permanent health insurance, critical illness insurance and life cover, flu vaccinations or vouchers and childcare vouchers, with some as core benefits so they are nil cost to colleagues</li> <li>➤ FRP offer a 24-hour Employee Assistance Programme for everyday challenges such as money or legal matters, buying/selling a house, health concerns and family advice, in addition to bereavement and other forms of counselling</li> <li>➤ FRP also has an app to support all locations with mental health and guidance</li> </ul>

	FRP standard policy	Basis for control
<p><b>Social continued</b></p>		
<p><b>Employee Health and Safety continued</b></p>		
<p><i>Wellbeing continued</i></p>		<ul style="list-style-type: none"> <li>➤ FRP has qualified mental health first aiders in many locations and provides development documentation, explaining how MHFA and HR work together</li> </ul>
<p><b>Community relationships</b></p>	<ul style="list-style-type: none"> <li>➤ FRP supports integration with local communities</li> <li>➤ FRP is committed to supporting charities or similar organisations that provide aid for those who are homeless, in poverty, for children’s education, wellbeing and health, and for environmental issues</li> </ul>	<ul style="list-style-type: none"> <li>➤ Community engagement includes but is not limited to: sponsorship, charitable donations, fund-raising, foodbank &amp; emergency relief donations, volunteering, recycling office furniture and equipment and supporting client initiatives</li> </ul>

	FRP standard policy	Basis for control
<b>Governance</b>	<p>FRP has an Enterprise Risk Management, Information Security Management System &amp; Cyber Security framework.</p> <p>FRP adheres to the QCA (Quoted Company Alliance) Corporate Governance Code.</p>	
<b>Customer privacy, Data security</b>	<ul style="list-style-type: none"> <li>➢ FRP has adopted ISO 31000 as its Risk Management Framework and achieved alignment in July 2022</li> <li>➢ FRP seek annual certification of a government backed cyber security scheme, which includes an independent specialist testing the Group defences against the most common cyber-attacks</li> <li>➢ For all vendors, FRP evaluates both data privacy assurance &amp; security resiliency in line with regulatory, contractual and certification requirements</li> <li>➢ FRP maintains its privacy programme through central compliance tools that provide one place for privacy, security, marketing, and third-party risk management in line with commitment to the UK GDPR , Data Protection Act 2018 and Privacy and Electronic Communications Regulation</li> <li>➢ FRP’s robust systems and procedures have prevented any reportable incident to the Information Commissioners Office</li> <li>➢ FRP has robust policies and procedures with respect to health &amp; safety, data protection, supply chain, compliance and regulatory issues</li> </ul>	<ul style="list-style-type: none"> <li>➢ FRP perform proactive policy management and compliance through a centralised platform, supported by a Policy Review Group providing policy oversight and assurance and determining sign-off authority</li> <li>➢ FRP uses security ratings scoring of third parties cybersecurity performance, which is also used for internal review to benchmark against industry comparisons</li> <li>➢ FRP is working towards attainment of ISO 27001 certification. FRP was audited by BSI in early July 2023, the assessor has issued the Group with a certificate of completion and recommended to their internal quality control board that FRP is certified as complying with ISO 27001:2013, receipt of the formal certificate is pending at the current time</li> </ul>
<b>Product Quality &amp; Safety</b>	<ul style="list-style-type: none"> <li>➢ FRP’s Modern Slavery &amp; Human Trafficking statement is available on the Company’s website</li> <li>➢ FRP expects all external suppliers and professional services advisers to be similarly opposed to slavery and human trafficking</li> </ul>	<ul style="list-style-type: none"> <li>➢ FRP suppliers are subject to a due diligence on-boarding process which includes confirmation of their slavery and human trafficking policy</li> <li>➢ FRP provides internal training courses that include modern slavery, human trafficking and associated risks in the business and supply chains</li> </ul>

	FRP standard policy	Basis for control
<b>Governance continued</b>		
<b>Selling, advertising &amp; product labelling</b>	<ul style="list-style-type: none"> <li>➤ FRP primarily secures work through its referral network, rather than advertising externally</li> <li>➤ FRP ensures the relationship-based referral network is maintained successfully through partner lock-ins and strong office networks with local referrers</li> </ul>	<ul style="list-style-type: none"> <li>➤ FRP has no physical products, except a limited amount of sales and marketing collateral, and does not have a need for product labelling in the course of its business activities</li> <li>➤ FRP referrers complete a GDPR process and are advised of FRP’s responsibilities as the Data Controller in accordance with the UK GDPR, Data Protection Act 2018 and Privacy and Electronic Communications Regulation</li> </ul>
<b>Ethics &amp; Transparency</b>	<ul style="list-style-type: none"> <li>➤ FRP publishes an audited Annual Report &amp; Accounts, an unaudited Interim Report and trading updates as appropriate, in line with other UK listed professional services firms and in accordance with Companies House reporting deadline dates</li> </ul>	<ul style="list-style-type: none"> <li>➤ FRP’s group accounts are presented on an IFRS basis</li> </ul>
<i>Culture</i>	<ul style="list-style-type: none"> <li>➤ FRP’s culture is supportive, inspiring, empowering and collaborative</li> <li>➤ FRP offer a rewarding, high performance environment to attract and retain highly skilled professionals</li> <li>➤ Senior Executive Leaders promote the four FRP core values of being straightforward, confident, pragmatic and real</li> </ul>	<ul style="list-style-type: none"> <li>➤ The Board monitors and acts to promote a healthy corporate culture and are directly responsible for defining corporate governance arrangements</li> </ul>
<i>Diversity</i>	<ul style="list-style-type: none"> <li>➤ FRP offers HR analytics to enable monitoring of recruitment, resulting in increased diversity awareness (LGBTQ+ etc)</li> </ul>	<ul style="list-style-type: none"> <li>➤ FRP are committed to employ skilled and qualified colleagues, regardless of age, disability, gender reassignment, marriage or civil partnership, pregnancy or maternity, race, religion or belief, sex or sexual orientation</li> </ul>
<b>Shareholder Protection</b>		
<i>Capital Discipline</i>	<ul style="list-style-type: none"> <li>➤ FRP pays c.70% of reported profit after tax as dividends and has a high dividend payout ratio</li> <li>➤ FRP uses its capital to invest in M&amp;A and organic growth opportunities</li> </ul>	<ul style="list-style-type: none"> <li>➤ FRP has a strong balance sheet and a good equity/debt mix</li> <li>➤ FRP has a well-balanced capital allocation strategy which is well communicated</li> </ul>



	FRP standard policy	Basis for control
<h2>Governance continued</h2> <hr/> <h3>Shareholder Protection continued</h3>		
<p><i>Ownership Structure</i></p>	<ul style="list-style-type: none"> <li>➤ At year-end FRP Partners owned 36% of the Company’s ordinary shares and they are actively involved in the business. A further 8% was owned by the Employee Benefit Trust (IPO and acquired post IPO) and 56% by institutional and retail investors</li> <li>➤ The biggest individual partner shareholding holds c.9%, hence no one person or persons, have an undue influence over business decisions</li> <li>➤ In May 2022, Partners participated in a 20% sell down but remain significant shareholders and committed to the long-term objectives of the Group</li> </ul>	<ul style="list-style-type: none"> <li>➤ There is one class of share, which has full voting rights. The Employee Benefit Trust which holds shares that back employee options, has waived its rights to dividends</li> </ul>
<p><i>Risk Management</i></p>	<ul style="list-style-type: none"> <li>➤ FRP’s strategic, operational &amp; project risks are managed centrally as part of an integrated approach to governance, risk &amp; compliance, providing visibility of all risks the business faces</li> <li>➤ FRP holds membership of relevant regulatory bodies</li> <li>➤ FRP is supervised by the ICAEW in relation to anti money laundering (“AML”) legislation</li> <li>➤ FRP has a group money laundering reporting officer (“MLRO”) and a deputy MLRO, with assistant MLROs at every office</li> <li>➤ FRP’s Enterprise Risk Management Framework aligns to ISO 31000 with ownership and accountability at all levels within the business and is available in the FRP Annual Report 2023</li> </ul>	<ul style="list-style-type: none"> <li>➤ FRP’s risk framework is the responsibility of the Operational Risk Committee, which meets on a monthly basis</li> <li>➤ Regulatory visits take place every three years, as well as interim visits</li> <li>➤ Each office has a Technical Officer responsible for ensuring Technical updates are available on a timely basis and Technical reading time is allocated to colleague working hours</li> <li>➤ All colleagues receive monthly AML newsletters and induction training, which is renewed on an annual basis</li> <li>➤ FRP perform proactive policy management and compliance through a centralised platform, supported by a Policy Review Group providing policy oversight &amp; assurance and determining sign-off authority</li> </ul>

	FRP standard policy	Basis for control
<b>Governance continued</b>		
<b>Shareholder Protection continued</b>		
<i>Risk Management continued</i>	<ul style="list-style-type: none"> <li>➢ A Disclosure Committee is responsible for supporting the FRP Board in relation to compliance with the Market Abuse Regulation, the Disclosure, Guidance and Transparency Rules and the AIM Rules for Companies and the identification, control and disclosure of “insider information”</li> <li>➢ FRP has suitable professional indemnity insurance</li> <li>➢ FRP employs an internal legal counsel</li> </ul>	<ul style="list-style-type: none"> <li>➢ Overall responsibility of the Risk Framework is provided by FRP’s Audit &amp; Risk Committee, with the Senior Executive Leadership team accountable for FRP’s risk position and who act as a decision point for escalated risks</li> <li>➢ FRP submits regular and ad-hoc submissions to the FCA as required, for FRP Corporate Finance Limited (an FCA regulated service line pillar)</li> </ul>
<b>Board Oversight</b>		
<i>Independence</i>	<ul style="list-style-type: none"> <li>➢ A Nomination Committee comprising FRP Board members, has responsibility for reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board and giving full consideration to succession planning</li> </ul>	<ul style="list-style-type: none"> <li>➢ The Board consists of three Executive Directors, three independent Non-Executive Directors and the Chairman</li> <li>➢ As vacancies arise, the Board will review the market, giving consideration to the competence, value and experience a candidate brings to FRP and take into consideration a balanced and diverse representation of Board members</li> </ul>
<i>Business Relevance</i>	<ul style="list-style-type: none"> <li>➢ FRP’s Board of Directors offer a wide breadth of experience across Private Equity, Insolvency, Banking, Legal Services and Retail</li> </ul>	<ul style="list-style-type: none"> <li>➢ The FRP Board are directly responsible for defining corporate governance arrangements</li> </ul>
<i>Track Record</i>	<ul style="list-style-type: none"> <li>➢ FRP’s objective is to deliver shareholder value in the medium to long-term while protecting the business from unnecessary risk</li> <li>➢ The business model underpinning this objective is to generate revenues from selling professional services. Fees are charged on a basis suitable to the engagement</li> </ul>	<ul style="list-style-type: none"> <li>➢ FRP is delivering on a clear growth strategy both organically and through acquisitions</li> <li>➢ FRP is operationally geared with a significant proportion of relatively fixed salary and property costs</li> </ul>

	FRP standard policy	Basis for control
<b>Governance continued</b>		
<b>Management Accountability</b>	<ul style="list-style-type: none"> <li>› The Statement of Directors’ responsibilities is detailed within this Annual Report &amp; Accounts and failure to execute this strategy would impact executive remuneration</li> <li>› FRP conducts financial and legal due diligence and financial modelling exercises to minimise the risk of overvaluing an acquisition and to understand any issues within the target</li> </ul>	<ul style="list-style-type: none"> <li>› FRP’s profitability is liable to short-term fluctuations dependent on activity levels</li> <li>› In the unlikely event that FRP had a significant slowdown in cash collections the business has a number of further options available to preserve cash</li> </ul>
<i>Tenure</i>	<ul style="list-style-type: none"> <li>› The FRP Board has a good reputation and can demonstrate a mixture of skill sets and backgrounds relevant to the business</li> </ul>	<ul style="list-style-type: none"> <li>› The FRP Board includes a mixture of more recent NEDs and NEDs with greater knowledge of the business. Board members have experience including managing PLCs, financial and professional service companies, restructuring and corporate advisory</li> </ul>
<i>Board compensation</i>	<ul style="list-style-type: none"> <li>› Full details are published in the FRP Annual Report 2023, within the Remuneration Committee report</li> </ul>	
<b>Group Resources</b>	<ul style="list-style-type: none"> <li>› FRP website <a href="http://www.frpadvisor.com">www.frpadvisor.com</a></li> <li>› FRP plc Board <a href="http://www.frpadvisor.com/investors/board/">www.frpadvisor.com/investors/board/</a></li> <li>› FRP Annual Report &amp; Accounts <a href="http://www.frpadvisor.com/investors/financials-documents/">www.frpadvisor.com/investors/financials-documents/</a></li> <li>› FRP Corporate Governance <a href="http://www.frpadvisor.com/investors/corporate-governance/">www.frpadvisor.com/investors/corporate-governance/</a></li> </ul>	<ul style="list-style-type: none"> <li>› FRP Privacy Notices <a href="http://www.frpadvisor.com/legal-and-regulatory-notice/privacy-notice/">www.frpadvisor.com/legal-and-regulatory-notice/privacy-notice/</a></li> <li>› FRP Modern Slavery &amp; Human Trafficking Statement <a href="http://www.frpadvisor.com/modern-slavery-statement/">www.frpadvisor.com/modern-slavery-statement/</a></li> <li>› FRP Gender Pay Gap Report <a href="http://www.frpadvisor.com/about/approach/corporate-social-responsibility/equal-opportunities/">www.frpadvisor.com/about/approach/corporate-social-responsibility/equal-opportunities/</a></li> </ul>

# Task Force on Climate-Related Financial Disclosures Statement ("TCFD")

FRP Advisory Group plc and its subsidiaries, collectively known as 'FRP', 'FRP Advisory' or 'The Group' present the TCFD statement for FY2023. The Group aims to fully comply with the evolving TCFD framework disclosures and s414CB. In this report we address the recommended disclosures as per the below table.

Core Element	Recommended Disclosure	Disclosure
<b>Governance</b> <u>(Section 1)</u>	➤ Describe the Board's oversight of climate-related risks and opportunities.	1.a
	➤ Describe management's role in assessing and managing climate-related risks and opportunities.	1.b
<b>Strategy</b> <u>(Section 2)</u>	➤ Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.	2.a and 2.b
	➤ Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.	2.a and 2.b
	➤ Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	2.c
<b>Risk Management</b> <u>(Section 3)</u>	➤ Describe the organisation's processes for identifying and assessing climate-related risks.	Risk section, see page 35 (FRP Annual Report)
	➤ Describe the organisation's processes for managing climate-related risks.	Risk section, see page 35 (FRP Annual Report)
	➤ Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.	Risk section, see page 35 (FRP Annual Report)
<b>Metrics and Targets</b> <u>(Section 4)</u>	➤ Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	4
	➤ Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	4
	➤ Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	4



In this report, we present our governance framework, risk management approach, strategic initiatives, performance metrics and targets pertaining to climate-related risks and opportunities according to TCFD-recommended disclosures. FRP operate in an industry that has been deemed a low environmental impact.

### 1.a Board's oversight of climate-related risks and opportunities

The FRP Board is accountable for the long-term stewardship of the Group and has acknowledged any impact of climate change on our strategy. In early 2022, we took the significant step of creating an ESG committee, whose duties include addressing climate change.

The Board has delegated the responsibility for managing climate-related risks to the ESG committee. The ESG committee reports directly to the Board quarterly, providing updates on the Group's strategic environmental initiatives, progress towards sustainability goals, and our ongoing assessment of climate-related financial risks and opportunities. The Board reviews these updates, offering strategic guidance, and ensuring alignment between the management of climate-related risks and the Group's overall risk appetite. The Board also ensures that adequate resources are allocated to enable the committee to effectively fulfil its role.

### 1.b Management's role in assessing and managing climate-related risks and opportunities

The ESG committee is chaired by the Chief Financial Officer and comprises senior executives from across the Group. One of its key responsibilities is to provide strategic direction for managing the Group's environmental impacts. This includes the ongoing development of comprehensive risk

assessments to identify and evaluate potential climate-related financial risks.

The ESG committee also seeks to identify opportunities associated with the transition to a low-carbon economy, such as potential efficiencies, innovations, or new services that could enhance our business while also reducing our environmental impact. These assessments are integrated into the Group's overall risk management processes and strategic planning. It leverages its broad range of expertise and perspectives to effectively address the challenge of climate change.

To ensure that we stay abreast of evolving climate-related risks and opportunities, the committee meets quarterly to review progress, update risk assessments, and adjust strategies as necessary. All significant decisions and recommendations made are reported to the Board.

### 2.a Climate related risks and potential financial impacts

Although FRP, as a specialist national advisory firm, does not fall within the priority sectors specified by TCFD, our scope of service touches upon each of those sectors through our portfolio of clients.

At FRP, we follow the guidelines set out by the Intergovernmental Panel on Climate Change (IPCC) in assessing the temporal scope of our climate-related risks. In alignment with the IPCC's categorization, we define short-term as a period of 1 to 5 years, medium-term as a period of 5 to 15 years, and long-term as a period extending beyond 15 years. This framework allows us to strategically plan and implement our risk management measures to address both imminent and future challenges effectively.

FRP operate in an industry that has been deemed a low environmental

effect and impact, and as such do not believe there are significant risks facing the Group from climate change. We have highlighted a number of risks that still face the Group, such as reputation, increased costs of replacing inefficient technology earlier, severe weather, ESG policy and regulatory changes and large scale market changes with buying behaviours increasing by ESG consideration. More details can be found on page 24 in the FRP Annual Report.

### 2.b Climate-related opportunities and potential financial impacts

As a forward-thinking advisory firm, FRP acknowledges the wide array of opportunities that arise in the evolving landscape of climate change. Guided by the TCFD guidelines, we identify these opportunities within four domains: resource efficiency, energy source, products/services, and resilience. As with climate risks we do not believe these to be significant but will continue to monitor as appropriate.

The Group has a robust balance sheet and by proactively monitoring market trends, adapting our service offerings, and staying ahead of changing consumer preferences. FRP can navigate these risks and position ourselves as a resilient and agile advisory firm in a transitioning market landscape. There have been no material financial risks identified to date.

### 2.c IPCC qualitative scenario analysis

In this report, we've undertaken a qualitative analysis of the potential impacts of climate change on our organisation, aligning our research with the guidelines set out by the Task Force on Climate-related Financial Disclosures (TCFD). Central to our analysis are the four Representative Concentration Pathways (RCPs), established by the Intergovernmental Panel on Climate Change (IPCC).

## 2.c IPCC qualitative scenario analysis continued

The four pathways are named after their possible range of radiative forcing values in the year 2100, from 2.6 to 8.5 Watts per square meter. RCP 2.6 is the most optimistic scenario, which aims to keep the global warming increase likely below 2°C. RCP 4.5 and RCP 6.0 are stabilization scenarios where total radiative forcing is stabilized before 2100. The highest emission scenario, RCP 8.5, could result in a temperature increase exceeding 4°C by the end of the century, under certain climate response assumptions. Detailed below is how the Group would adapt and withstand the scenarios with resilient planning.

### Qualitative scenario analysis under the IPCC Representative Concentration Pathways (RCPs)

Scenario	Potential Impacts	Strategic Response
<b>RCP 2.6</b> <b>(Strong Mitigation)</b>	Significant regulatory changes to reduce greenhouse gas emissions lead to a surge in demand for advisory services related to sustainability, energy transition, and regulatory compliance. Increased competition as other professional service firms also expand into these areas.	Developing an advisory service focused on corporate sustainability. This could include advising clients on regulatory compliance, sustainable finance, and strategies for reducing emissions. Invest in training to build expertise in these areas and form strategic partnerships to enhance service offerings.
<b>RCP 4.5</b> <b>(Intermediate Mitigation)</b>	Moderate regulatory changes and growing societal concern about climate change lead to a steady increase in demand for sustainability-related advisory services. Regulatory changes introduce new complexities for businesses, increasing demand for advisory services.	Expand service offerings to include sustainability-related advisory services. This could include advising clients on how to navigate regulatory changes, incorporate sustainability into their business strategies, and leverage opportunities related to the energy transition. Continuously monitor regulatory developments and societal trends to ensure service offerings remain relevant.
<b>RCP 6.0</b> <b>(Intermediate Emissions)</b>	Regulatory changes are less significant but growing societal concern about climate change and increasing physical climate impacts lead to increased demand for advisory services related to climate risk management and adaptation.	Develop an advisory service focused on climate risk management and adaptation. This could include advising clients on how to assess and manage climate risks, develop resilience strategies, and adapt to changing climate conditions. Invest in training to build expertise in these areas and form partnerships with climate science institutions to ensure access to the latest climate risk data and models.

Scenario	Potential Impacts	Strategic Response
<b>RCP 8.5 (High Emissions)</b>	Significant physical climate impacts lead to widespread business disruption and increased demand for restructuring and debt advisory services. Growing societal concern about climate change leads to increased demand for sustainability-related advisory services, despite the lack of significant regulatory changes.	Enhance the capacity of restructuring and debt advisory services to manage increased demand, with a focus on supporting businesses affected by physical climate impacts. Develop a dedicated sustainability advisory service to meet growing demand, advising clients on how to navigate the challenges and opportunities of a high-emissions scenario. Increase investment in physical resilience to protect the company's own operations from climate impacts. Avoid exposure of premises considered to have high exposure to climate change physical risks.

### 3. Risk management and integration of climate-related risks at FRP Advisory

At FRP, we are committed to effectively managing and integrating climate-related risks within our overall risk management framework, following the principles of the ISO 31000 risk management standard. More detailed information can be found within the risk section on page 36 of the FRP Annual Report.

### 4. Climate metrics and targets

Our commitment to environmental sustainability is reflected in our climate-related targets, goals, and strategies. To achieve a reduction in greenhouse gas emissions, FRP has set targets for each emission scope:

Key emission/ energy related performance indicators	Baseline (FY2023)	t CO <sub>2</sub> e per employee (FY2023)	Reduction Target (FY2025)	Reduction Target (FY2030)
<b>Emissions KPIs</b>				
Scope 1/ Total metric tons of CO <sub>2</sub> e	8.9	0.02	20%	40%
Scope 2/ Total metric tons of CO <sub>2</sub> e	73.4	0.13	20%	40%
Scope 3/ Total metric tons of CO <sub>2</sub> e (Including purchased goods and services)	4,618.5	7.99	20%	30%
<b>Energy Usage KPIs</b>				
Energy Use Total/ MWh	428		10%	20%
Scope 2 Renewable Energy Use Ratio	93%		100%	100%

## Task Force on Climate-Related Financial Disclosures Statement ("TCFD") continued

As part of our commitment to a sustainable future, we have set goals for the reduction of our direct emissions. We aim to reduce our Scope 1 emissions intensity, those arising from use of natural gas for the running of boilers for heating and hot water in its offices, by 20% by 2025 and 40% by 2030. Similarly, we have committed to curbing our Scope 2 emissions, those stemming from the generation of purchased electricity, heat, and steam, by 20% by 2025 and 40% by 2030. These targets represent intensity per employee reductions, underscoring our determination to lower our total environmental impact. To complement these reductions, we will offset any residual Scope 1 and Scope 2 emissions through the purchase of carbon credits. Our

investment in carbon offsetting projects will help us reach our ultimate goal of achieving net-zero emissions for our Scope 1 and Scope 2 sources by 2030.

In line with our commitment to sustainability, we are developing strategies to reduce our Scope 3 emissions significantly. Scope 3 encompasses emissions that are not produced by the Group itself, but by those that it is indirectly responsible for, such as colleague commuting and traveling. One of our key initiatives involves minimising unnecessary travel. We are committed to promoting the use of digital collaboration tools, reducing the need for both commuting and business travel, which are significant contributors to our carbon footprint.

### Climate Change targets and policies

To complement our efforts for reducing our emissions we have created a comprehensive plan of targets and policies which we plan to implement before 2030. We have organised our efforts in three major dimensions as below. A detailed table of our efforts is located at the end of this document.

### Status of the policies/ targets/ initiatives implemented within our company

In place / Implementing / To be achieved		
<b>In place</b>		
<ul style="list-style-type: none"> <li>&gt; Resource Reduction Policy</li> <li>&gt; Policy Energy Efficiency</li> <li>&gt; Resource Reduction Targets</li> <li>&gt; Targets Energy Efficiency</li> <li>&gt; Environment Management Team</li> <li>&gt; Environment Management Training</li> <li>&gt; Environmental Materials Sourcing</li> <li>&gt; Renewable Energy Use</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Climate Related Risks Assessment Process</li> <li>&gt; Transition Plan Financial Planning</li> <li>&gt; Financial Exposure To Transition Risk</li> <li>&gt; Financial Exposure To Physical Risk</li> <li>&gt; GHG Emissions Scope 1,2,3 Paris Agreement Aligned</li> <li>&gt; Policy Emissions</li> <li>&gt; Targets Emissions</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Waste Reduction Initiatives</li> <li>&gt; e-Waste Reduction</li> <li>&gt; Environmental Restoration Initiatives</li> <li>&gt; Staff Transportation Impact Reduction</li> <li>&gt; Take-back and Recycling Initiatives</li> <li>&gt; Climate Change Commercial Risks/ Opportunities</li> </ul>
<b>Implementing</b>		
<ul style="list-style-type: none"> <li>&gt; Policy Water Efficiency</li> <li>&gt; Green Buildings</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Environmental Supply Chain Monitoring</li> <li>&gt; Environmental Supply Chain Partnership Termination</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Transition Plan Offsets</li> </ul>
<b>To be achieved</b>		
<ul style="list-style-type: none"> <li>&gt; Targets Water Efficiency</li> <li>&gt; Environmental Supply Chain Management</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Land Environmental Impact Reduction</li> <li>&gt; Biodiversity Impact Reduction</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Environmental Partnerships Hybrid Vehicles</li> </ul>



### Moving forward

As we navigate the complexities of the present and look to the future, we remain committed to improving our sustainability and climate resilience efforts. Our alignment with the Task Force on Climate-related Financial Disclosures (TCFD) guidelines serves as evidence of our dedication to understanding and effectively managing climate-related risks and opportunities.

We have made progress already, notably in achieving a substantial 93% use of renewable energy for our energy consumption. This accomplishment is due to our strategic approach in reducing our carbon footprint, which remains a critical part of our sustainability efforts. With a view to providing a greater account of our greenhouse gas emissions, we have expanded our Scope 3 emissions reporting to include purchased goods and services. We are also working to enhance our reporting to detail emissions across all upstream and downstream Scope 3 emissions relevant to the Group.

We appreciate the continued support and engagement of all our stakeholders as we journey towards enhanced sustainability and climate resilience.

### Energy and carbon reporting

Under the Streamlined Energy and Carbon Reporting Regime, the Company is required to report its energy consumption and greenhouse gas emissions arising in the UK (including offshore UK) from:

- › the annual quantity of energy consumed in the UK resulting from the purchase of electricity by the Company for its own use, including for the purposes of transport;
- › the annual quantity of energy consumed from stationary or mobile activities for which the business is responsible involving the combustion of gas; and
- › the annual quantity of energy consumed from activities for which the Company is responsible, involving the consumption of fuel for the purposes of transport (where the Company is responsible for purchasing the fuel).

Our UK Energy Use disclosures include energy and emissions from the entire Group, regardless of whether individual companies would be required to report.

Overall emissions have reduced, predominantly due to an initiative to work with landlords in supplying electricity from renewable sources. When undertaking office refurbishments, an initiative to install more efficient heating and lighting is in place. As travel restrictions are all now removed following the Covid-19 pandemic, more travel has been required by colleagues to best support clients.

## Task Force on Climate-Related Financial Disclosures Statement ("TCFD") continued

UK Energy Use	Year ended 30 April 2023		Year ended 30 April 2022		Notes
	Consumption	Greenhouse Gas (GHG) Emissions (CO <sub>2</sub> e)	Consumption	Greenhouse Gas (GHG) Emissions (CO <sub>2</sub> e)	
<b>Gas</b>	49,002 kWh	8,928	29,000 kWh	5,312	Gas used to fuel heating and hot water boilers in office locations ( <i>Scope 1</i> )
<b>Electricity</b>	379,363 kWh	5,135	354,324 kWh	24,656	Electricity consumed relates to routine office power requirements ( <i>Scope 2</i> )
<b>Vehicle Fuel</b>	219,690 miles	57,819	149,598 miles	36,967	Fuel relates to the Group reimbursing employees for mileage related to the use of their private vehicles for the business of the Group ( <i>Scope 3, Category 6</i> )
<b>Total</b>		71,882		66,935	

### Basis of preparation

#### Gas

The gas consumed by the Group relates solely to the use of natural gas for the running of boilers for heating and hot water in its offices. To calculate the CO<sub>2</sub>e figure we have taken our kWh usage figure to which a kgCO<sub>2</sub>e factor of 0.1822 was applied, being the UK Government's Conversion Factor 2022 for this sort of natural gas use.

#### Electricity

The electricity consumed by the Group relates solely to the routine power requirements of its offices – lighting, heating, IT, air conditioning etc. To calculate the CO<sub>2</sub>e figure we have totalled our kWh usage for all locations. For all tariffs that are not from renewable sources (7%, FY22: 33%) a kgCO<sub>2</sub>e factor of 0.19338 was applied, being the UK Government's Conversion Factor 2022 for this type of electricity use.

### Fuel Consumption

The GHG emissions related to fuel combustion derive solely from the payment to employees of mileage allowances where they use their private vehicles for Group business. We do not keep records of our employees' vehicle makes, models and fuel type. To arrive at a reasonable estimate of distribution across petrol, diesel and other vehicles, we carried out a staff survey and extrapolated the results to create our model (petrol – 55.4%, diesel – 35.3%, hybrid – 7.4% and electric – 2%). We applied those figures to our total mileage claimed to calculate estimated mileage figures for each of diesel, petrol and other fuels. The UK Government Conversion Factors 2022 for an average vehicle in respect of each fuel type were then applied to the relevant mileage figure to obtain the CO<sub>2</sub>e figures.

### Intensity ratio

CO<sub>2</sub>e per colleague during the year to 30 April 2023: 130 (2022: 133).

### Energy Efficiency Activity

The Group has committed to becoming Carbon Neutral by 2030. As our energy contracts come up for renewal they will be, or have been, switched to a fully renewable tariff and we are working with our landlords to switch tariffs for the contracts we do not control.

As part of our carbon reduction programme, in December 2022 we introduced an option for colleagues to negotiate terms to lease electric cars, providing an opportunity to use greener vehicles for personal and commuting use.

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**FRP**